

2018 Sovereign Debt Forum

Is There Life After Debt?:

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Mind the Gap

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BREAKOUT SESSION 6: Mind the gap: Seeking public and private sector collaboration for improved debt transparency

The World Bank's 9th Sovereign Debt Management Forum
Is there Life after Debt?

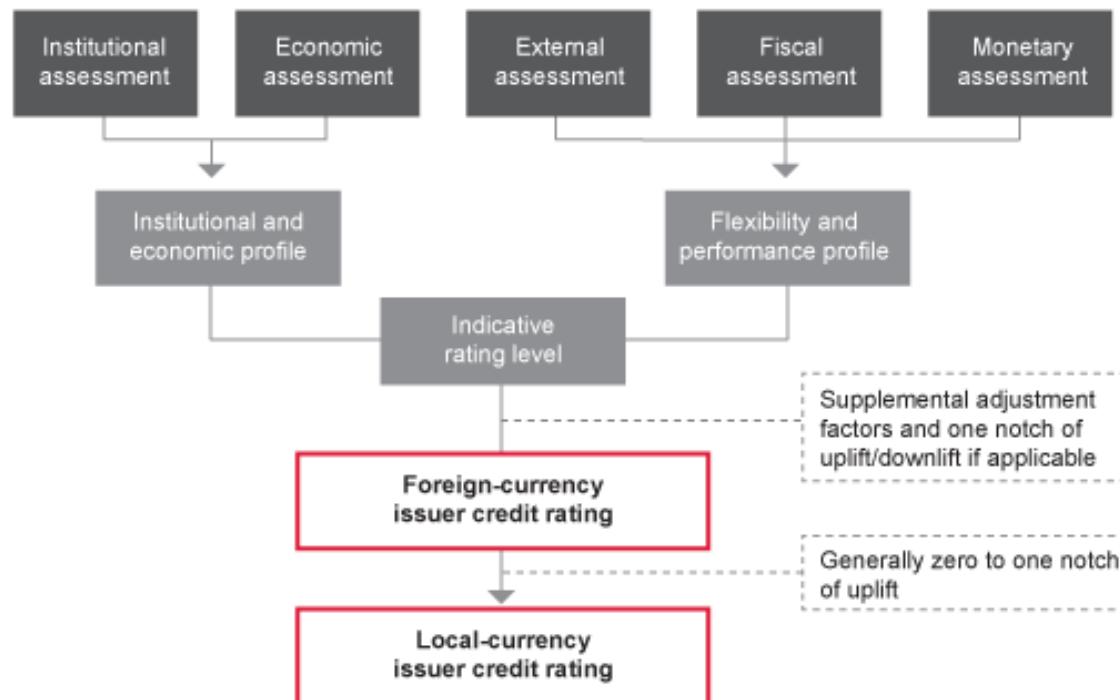
Washington, D.C.

October 24, 2018

Framework For Sovereign Ratings

Sovereign Issuer Credit Rating Framework

Five Key Areas To Determine A Sovereign's Creditworthiness



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Source: S&P Global Ratings Services “Sovereign Rating Methodology” as of December 18, 2017 as published on the Global Credit Portal®.

Various Sovereign Examples:

Ecuador (B-)

- Comptroller General Debt Audit 2018

Peru (BBB+)

- Informe Anual de Deuda Publica

Brazil (BB-)

- Timely, widespread monthly coverage of public debt by Ministry of Finance and Central Banks

China (A+)

- Off balance sheet borrowing by local governments

Sovereign Ratings: Latin America and the Caribbean

Chile **A+/AA-**

Curacao **A-/A-**

Aruba **BBB+/BBB+**

Mexico **BBB+/A-**

Peru **BBB+/A-**

Trinidad & Tobago **BBB+/BBB+**

Turks and Caicos **BBB+/BBB+**

Panama **BBB/BBB**

Uruguay **BBB/BBB**

Colombia **BBB-/BBB**

Montserrat **BBB-/BBB-**

Outlook/CreditWatch: Stable, Positive, Negative

Source: Ratings as of October 23, 2018 as published on S&P Global's Global Credit Portal.

Bahamas **BB+/BB+**

Bolivia **BB-/BB-**

Paraguay **BB/BB**

Brazil **BB-/BB-**

Costa Rica **BB-/BB-**

Dominican Republic **BB-/BB-**

Guatemala **BB-/BB**

Honduras **BB-/BB-**

Argentina **B+/B+ [CWN]**

Jamaica **B/B**

Nicaragua **B/B**

Suriname **B/B**

Belize **B-/B-**

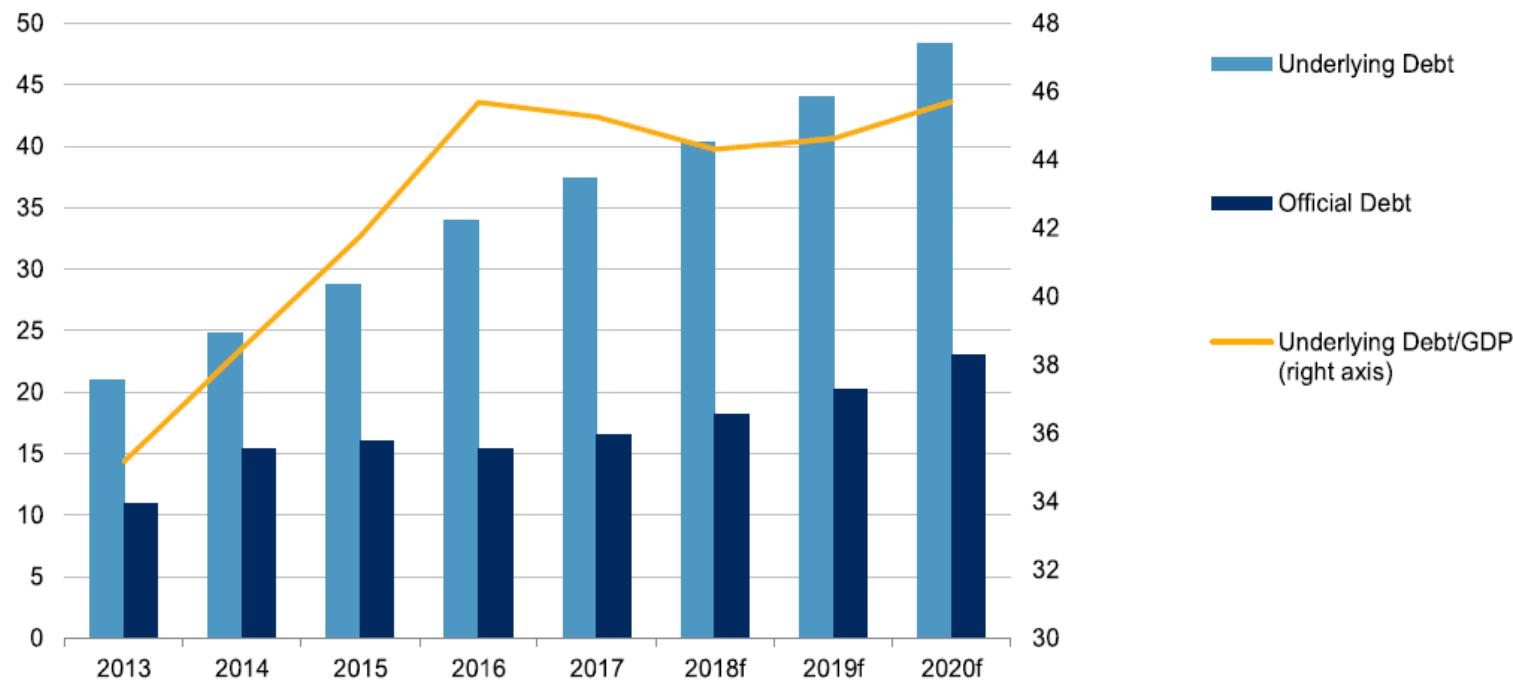
Ecuador **B-/B-**

El Salvador **CCC+/CCC+**

Venezuela **SD/CCC-**

Barbados **SD/SD**

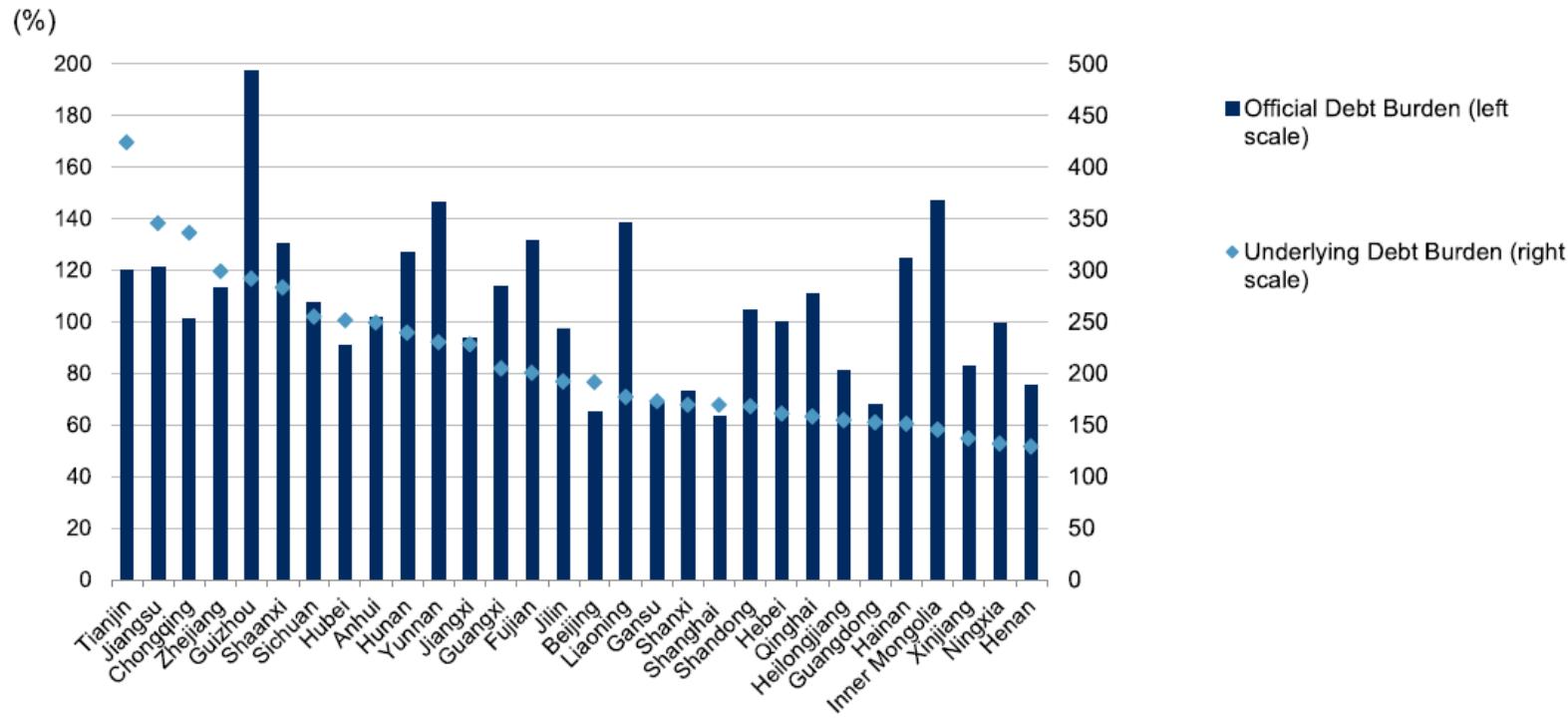
Chinese LRG's Underlying Debt Dynamics



Source: WIND, Ministry Of Finance, Various local government fiscal reports, S&P Global Ratings.
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**"Lifting The Lid On China's Local And Regional
Government Debt Levels", October 2018**

Underlying vs. Official Debt Burden of Chinese LRGs



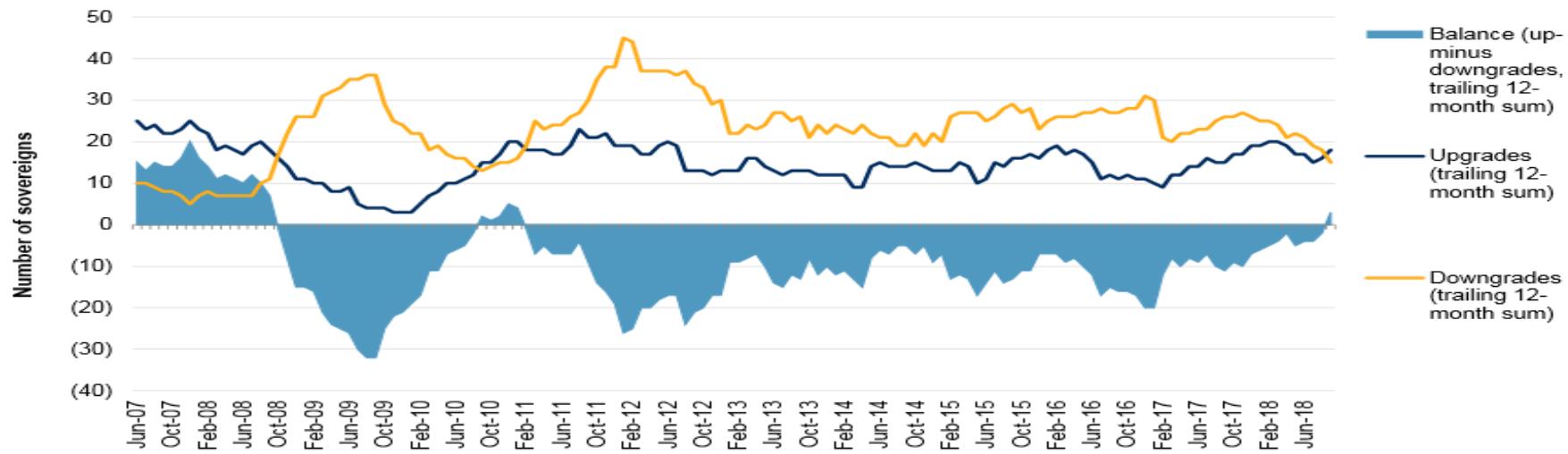
Note: Debt burden is calculated as debt stock divided by operating revenue. Source: WIND, Ministry Of Finance, Various local government fiscal reports, S&P Global Ratings

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“Lifting The Lid On China's Local And Regional Government Debt Levels”, October 2018

Global Sovereign Ratings Trends

Sovereign Foreign Currency Rating Upgrades And Downgrades

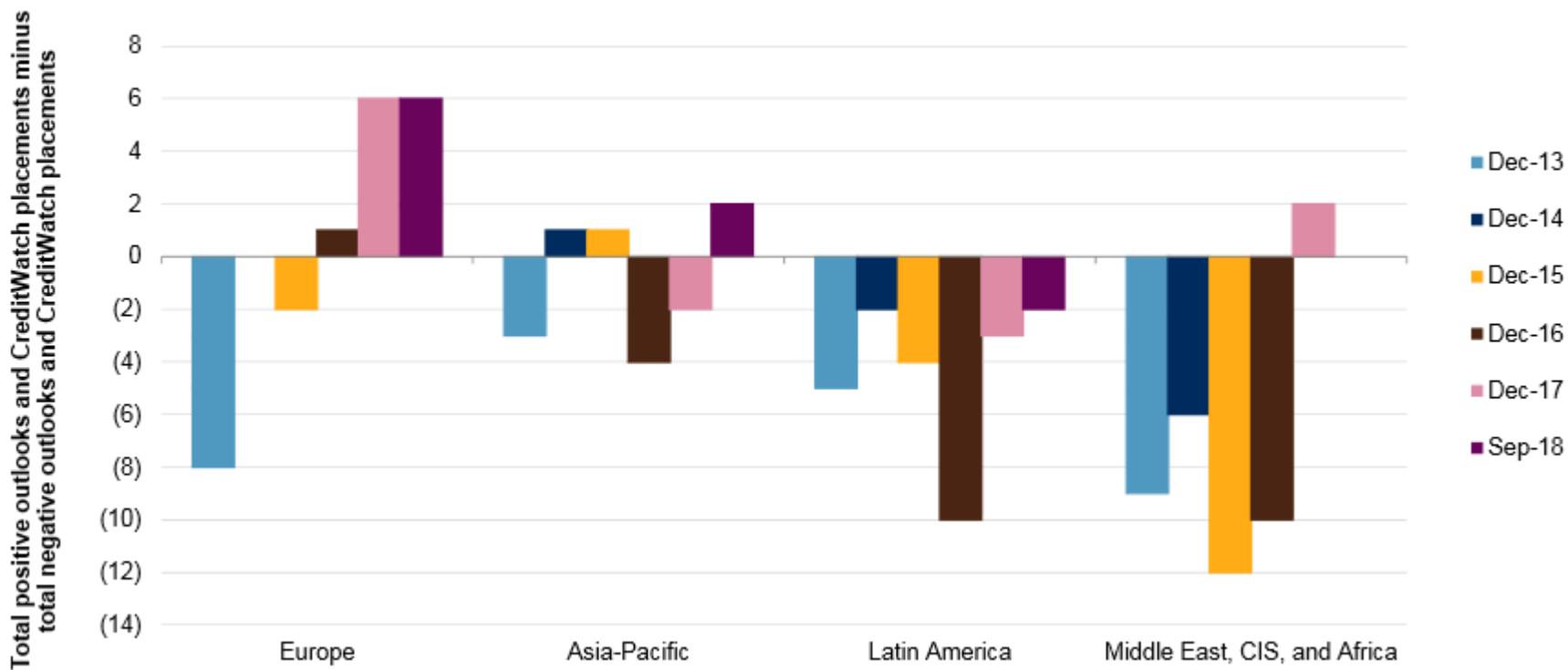


Global Sovereign Ratings Outlook Balance



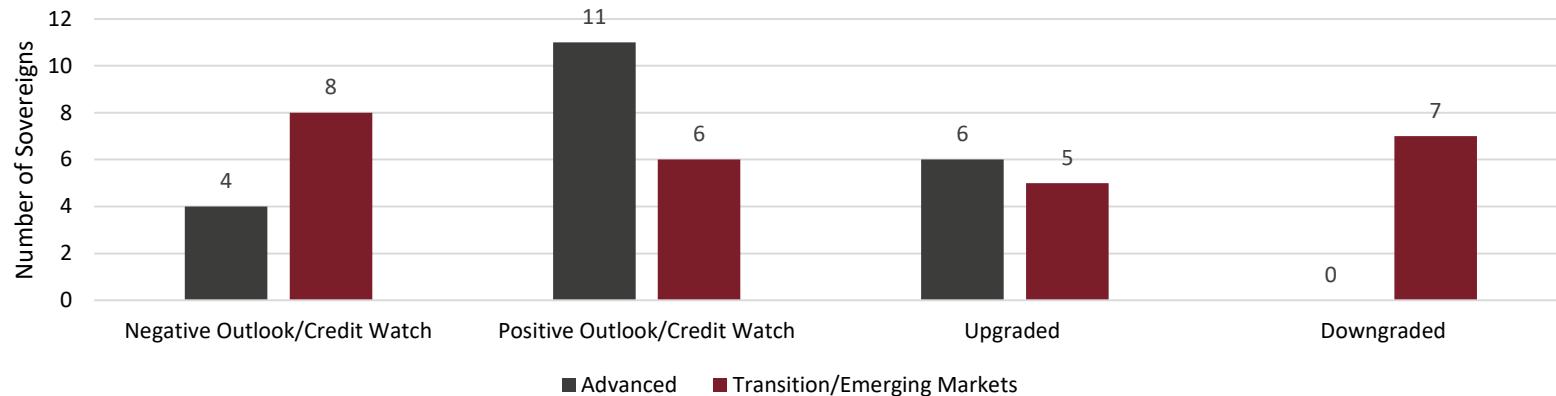
Outlook Balance Across Regions

Sovereign Outlook Balance Across Regions

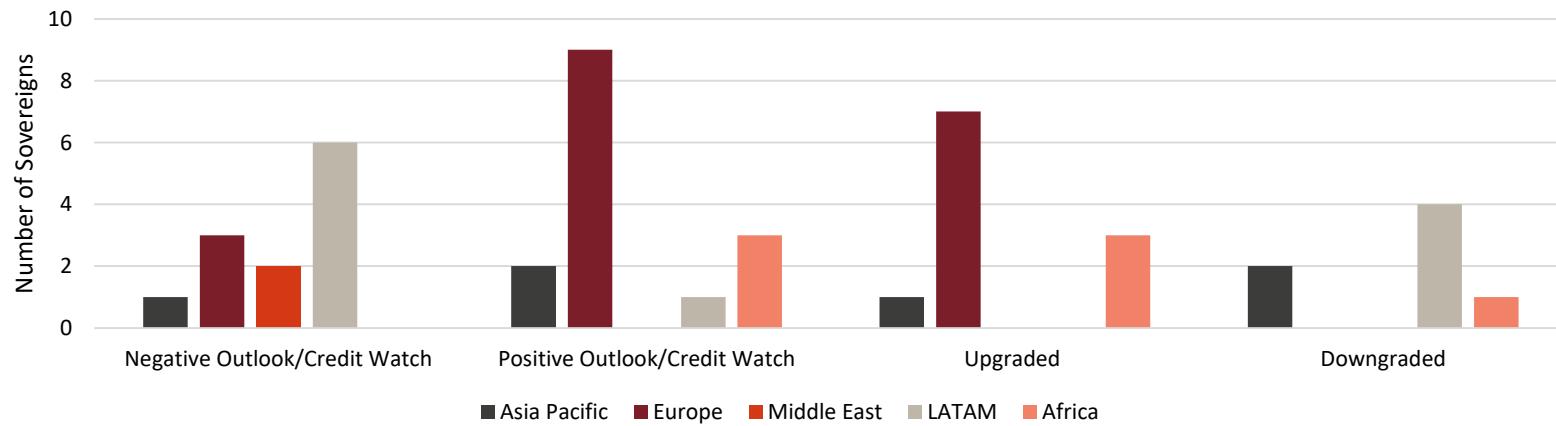


2018 Outlooks and Upgrades/Downgrades

Advanced vs. Emerging Market Rating Actions (Jan. - Sept. 2018)*



Rating Actions by Region (Jan. - Sept. 2018)



* Country classification is based on UN groupings of “developed,” “developing,” and “transition” economies

Thank you!

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